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## ARIZONA CORPORATION COMMISSION

September 20, 2001

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AZ CORP COMMISSION  
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TO: Telecommunications Industry Members and Other Interested Parties:

RE: REVIEW AND POSSIBLE REVISION OF ARIZONA UNIVERSAL SERVICE FUND RULES,  
ARTICLE 12 OF THE ARIZONA ADMINISTRATIVE CODE (DOCKET NO. RT 00000H-97-0137)

The Arizona Corporation Commission ("Commission") has directed Commission Staff ("Staff") to pursue a review of the Arizona Universal Service Fund ("AUSF") Rules (R14-2-1200 series). When the original rules were adopted on April 26, 1996, Arizona Administrative Code R14-2-1216 required that within three years a comprehensive review of Article 12 be performed. A rules docket (Docket No. RT-00000H-97-0137) was opened on March 14, 1997, for this purpose and Staff began the review process.

The Commission desires to now complete this process, therefore, Staff is soliciting updated comments on initial comments from all interested parties on the questions attached as Exhibit A.

Other factors and issues which Staff asks parties to consider in their comments are:

- Changes in Federal law since 1996
- Universal service actions taken by other States
- New Federal Communications Commission Orders
- Whether rules for under-served and unserved areas should be included in this or an independent article in the rules

Based on the comments, Staff will formulate and forward a proposed draft of the revised AUSF rules to all interested parties. Interested parties will have an opportunity to provide written comments on the draft rules and participate in a subsequent workshop(s). Staff anticipates beginning the formal rule making process after the workshop process is completed.

Please submit an original and ten copies of any comments to Docket Control no later than November 2, 2001, referencing Docket No. RT-00000H-97-0137. Thank you for your interest and participation in this important process.

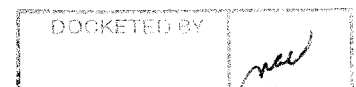
To be placed on the formal service list in this docket please notify, in writing, Ms. Sonn Ahlbrecht at the Phoenix address below. If such notification or comments are not received by November 2, 2001, you will not be placed on the formal service list and will no longer receive Commission mailings regarding this issue. If you have any questions, please feel free to contact Ms. Ahlbrecht at 602-542-0855.

Sincerely,

Steven M. Olea  
Acting Director, Utilities DivisionArizona Corporation Commission  
DOCKETED

SEP 20 2001

SMO/dwc:mi

cc: Chairman William A. Mundell  
Commissioner Jim Irvin  
Commissioner Marc Spitzer  
Chris Kempley, Legal Division  
Maureen Scott, Legal Division  
Sonn Ahlbrecht, Utilities Division

## EXHIBIT "A"

1. Are there areas within the existing rules where revisions should be made? If yes, please provide specific language recommendations and explain the benefit of the recommended revision.
2. How might the AUSF rules be amended to ensure the availability of wireline telephone service in unserved areas (open territory)? Please provide specific recommendations on issues such as required population density before service to an area must be provided, the method for determining the serving carrier, procedural process, etc.
3. How might the AUSF rules be amended to increase the availability or affordability of wireline telephone service in under-served areas? Under-served areas are defined as areas within a wireline carrier's service territory where construction or line extension charges apply.
4. Under what circumstances, if any, could AUSF be made available to carriers that do not have Eligible Telecommunications Carrier status?
5. Should the definition of local exchange service, for AUSF purposes, be broadened to include other services? If yes, how might it be accomplished?
6. Are there USF rules in other states that should be adopted in Arizona? If yes, please provide the specific language for each rule and explain the benefit that would be derived by adopting the rule in Arizona.
7. How might construction or line extension tariffs be standardized between companies? Should there be an AUSF contribution in addition to the company contribution? Should there be a maximum amount a customer should be expected to pay to obtain service? Should this amount consider the median household income of the area being served. Assuming there is an AUSF contribution, what is a reasonable limit?
8. Are there changes in the Federal USF rules of which Staff should be aware? If yes, please identify them. How do these changes impact current AUSF rules? How might they impact recommended revisions to the existing rules?
9. Are there changes in other Federal rules that might impact current or future AUSF rules? If yes, please identify them and their potential impact.
10. For all other comments please provide a narrative fully explaining the issue being discussed, any recommendation and the benefit to be gained if the recommendation is adopted.